



Haryana Government Gazette

EXTRAORDINARY

Published by Authority

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No. 162-2024/Ext.] CHANDIGARH, MONDAY, OCTOBER 21, 2024 (ASVINA 29, 1946 SAKA)

HARYANA GOVERNMENT

INDUSTRIES & COMMERCE DEPARTMENT

Notification

The 21st October, 2024

No. 20/01/2024-4IB-I.— The Governor of Haryana is pleased to notify the ‘**Haryana Registered Vehicle Scrappage & Recycling Facility Incentive Policy-2024**’ attached as Annexure-‘A’.

The policy has been concurred by the Finance Department *vide* their U.O. No. 1/20/2024-1FD-III/2024/18260, dated 02.08.2024 and approved by the Council of Ministers in its meeting held on 05.08.2024.

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Additional Chief Secretary to Government Haryana,
Industries & Commerce Department.

Haryana Registered Vehicle Scrappage & Recycling Facility Incentive Policy 2024



**Department of Industries and Commerce,
Government of Haryana**

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1. Preamble

- i. In recent years, environmental issues and sustainability have become one of the main items of debate in the automotive industries, where greater emphasis is being laid on the minimal use of non-renewable resources among other things. As the vehicle ownership continues to increase, an important aspect in the endeavour in this direction is to increase the automotive industry's circularity.
- ii. In order to phase out old and unfit vehicles in a methodical and environment-friendly manner, Government of India has rolled out Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 to find out the vehicles unfit for the road which are creating pollution in the environment and then recycle them in a methodical way. In the spirit of the same, the State has decided to promote participation of private sector in establishment and operations of Vehicle Scrapping Facilities in the State.
- iii. In line with Budget Announcement 2023-24 made by Hon'ble Chief Minister Haryana, for a Recycling Facility Incentive Policy to provide incentives to the vehicle scrappage recycling, 'Haryana Registered Vehicle Scrappage & Recycling Facility Incentive Policy 2024' is proposed.

2. Introduction

- i. Haryana enjoys a number of inherent advantages when it comes to creating an industrial ecosystem that captures the positive economic impact of the new vehicle scrapping policy. The State also has one of the highest vehicle ownership rates in the country, with around 15.3% in terms of four-wheelers and 63.3% in terms of two-wheelers. The total no. of registered vehicles in Haryana is around 8.6 million (2019) with a CAGR of 6.87 % (from 2009-19) it is estimated to be about 13 million by 2025. Besides all India's End-of-life Vehicles (ELV) projection by 2025 is 22 million and by 2030 is 28 million and ELV in Haryana would be around 6.5 lakh in 2025 and 8.25 lakh by 2030, thereby, ensuring a minimum scale of operations for vehicle scrapping units. Besides covering nearly 57% of the National Capital Region and surrounding Delhi from three sides, opportunities exist in targeting the intra-state market for old vehicles.
- ii. The State also features among the top states in the country in vehicle manufacturing capacity with significant investments from Maruti Suzuki, Honda Motorcycle & Scooter India, Suzuki Motorcycles & Hero Motors and besides a number of auto component manufacturers.
- iii. Consequently, there already exists a ready market for the recycled material/components from vehicle scrapping centres, as well as a potential investor base for setting up large-scale vehicle scrapping centres, as automobile companies may also be interested in investing in vehicle scrapping facilities.
- iv. Haryana has been ranked as a Top Achiever in the Ease of Doing Business assessments conducted by the Department for Promotion of Industry and Internal Trade (DPIIT) in 2020. It has an evolved single-window approval mechanism, an established industrial infrastructure with available land, along with an existing ecosystem of ancillary units, engineering clusters and over 8.33 lakh micro, small and medium enterprises (as on 14.06.2024) as per Udyam Registration. The Haryana Enterprises & Employment Policy 2020 (HEEP) and Electric Vehicle Policy 2022 are likely to be key in attracting additional investments besides encouraging the setting up of Vehicle Scrappage & Recycling Facilities in the State.

3. Rationale for Haryana Registered Vehicle Scrappage & Recycling Facility Incentive Policy 2024

- i. The Scrappage Policy of the Government of India provides a positive push to start a new and nascent automotive ecosystem in addition to the obvious benefits of reduction in pollution, fuel import bill, raw materials availability, recycle or re-use parts and impetus of replacement demand. This scrappage policy provides an opportunity for transition into a circular economy whereby the value embedded in End-of-Life Vehicles (ELVs) components and materials is recaptured through reuse, recycling and recovery.
- ii. The Automotive OEMs and their Suppliers are rethinking the ways that vehicles and their materials are designed, constructed, used, and handled at end of life. Internationally, 85-95% of the vehicle is recovered with the vehicle designs being well suited for easy dismantling and disposal. Europe and Japan have mandated 90%-95% of vehicle recovery. A TERI report states that recycling one tonne of steel conserves consumption of 1.4 tonnes of iron ore, 740 kg. of coal, and 120 kg. of limestone. This can potentially reduce the instabilities in raw material supply for manufacturing new vehicles with fewer supply constraints.

- iii. Transport Department Haryana announced the Haryana Vehicle Scrappage Policy on 7th December 2022 which acts as an important catalyst for self-sustenance but also provides a platform for new types of job creation.
- iv. To push this factor, the Industries & Commerce Department is proposing the present Haryana's Registered Vehicle Scrappage & Recycling Facility Incentive Policy 2024. It is the only dedicated policy for Registered Vehicle Scrappage & Recycling Facility in India (RVS&RF).

4. Vision

To create a conducive ecosystem for growth of scrapping and recycling in Haryana in addition to the obvious benefits of reduction in pollution, fuel import bill, raw materials availability, recycle or re-use parts and impetus of replacement demand.

5. Mission

- i. To promote State-of-the-Art recycling facility in Haryana;
- ii. Endeavour to achieve the recyclability level of 85% during the policy period;
- iii. To promote Eco-Park/Recycling Park (vehicle circular economy park) to position it as a recycling hub;
- iv. To promote setting up of Registered Vehicle Scrappage & Recycling Facility jointly with Auto OEMs;
- v. To curate necessary skill development programs for the recycling industry sector in collaboration with the Skilling Institutions/Universities to create a skilled workforce;
- vi. To encourage setting up of Centre of Excellence for skill development.

6. Objectives

As per the data available with the Ministry of Road Transport and Highway's upto 2019, there are around 8.6 million registered vehicles in Haryana. The present Policy is formulated with the following objectives:

- i. Facilitate creation of a vehicle circularity eco-system in Haryana
- ii. Promote scientific recycling of vehicle scrap
- iii. To facilitate in regularizing the current informal and un-organized vehicle recycling industry/facility in Haryana
- iv. Encourage setting up of Registered Vehicle Scrapping & Recycling Facility through fiscal incentives and skilling support.

7. Applicability

- i. This Policy will be applicable to the State of Haryana.
- ii. The Policy shall commence with effect from its date of notification in the official gazette and shall remain in operation for a period of 5 years or till the time the Government decides to discontinue this scheme, whichever is earlier
- iii. All the conditions stated for the Registered Vehicle Scrapping Facilities (RVSF) mentioned in the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 and the Vehicle Scrappage Policy Haryana will be applicable unless otherwise specified in this document and or as amended from time to time.
- iv. All fixed capital investments made after the commencement of this Policy would be considered for the purpose of incentives.
- v. All RVSFs as approved by the Transport Department, Haryana and that have gone into commercial operations after notification of this policy shall be eligible for incentives.
- vi. This policy is applicable to both new & existing RVSFs and RVS&RF units in Haryana undertaking an expansion/diversification, subject to compliance of the following conditions:
 - Units undertaking expansion/ diversification anywhere in 'B', 'C', and 'D' blocks on land parcels with valid CLU permission or in Govt. approved Industrial Estates / IMTs;

- Units undertaking an expansion/diversification, with an additional investment of at least 50% of FCI as on date of initiating expansion/diversification and commencing production of said expansion/diversification during the operative period of the policy
- Units undertaking expansion/ diversification will be eligible for availing incentives only once during the policy period.
- Units are not eligible to avail incentives under the same head in this policy if it has been availed/applied under 'HEEP 2020' or any other policy issued by the Government of Haryana.
- The cumulative incentives shall be subject to a ceiling of 100% of Fixed Capital Investment (FCI).

8. Industry Status

The state accords the status of "Industry" to the RVS&RFs.

9. Definitions

- i. **Fixed Capital Investment (FCI):** Fixed Capital Investment refers to investment in land, building, plant & machinery.
- ii. **Eligible Capital Expenditure:** The eligible capital expenditure shall include building, plant, and machinery (excluding land).
- iii. **Ultra-Mega Project:** Project having minimum Fixed Capital Investment of INR 6000 crore in A Blocks, INR 4,500 crore in B Blocks, INR 3,000 crore in C Blocks and INR 1,500 crore in D Blocks.
- iv. **Mega Project:** Project having minimum Fixed Capital Investment (FCI) of INR 200 crore in Block B, FCI of over INR 100 crore in C Blocks and FCI of over INR 75 crore in D Blocks.
- v. **Large Enterprise:** Investment in Plant and Machinery greater than INR 50 crore and turnover greater than INR 250 crore (over and above the of limit of medium units as defined under the MSMED Act, 2020 or amended by GoI from time to time).
- vi. **Medium Enterprise:** Investment in Plant and Machinery or Equipment does not exceed INR 50 crore and turnover does not exceed INR 250 crore as defined under the MSMED Act, 2020 or amended by GoI from time to time.
- vii. **Small Enterprise:** Investment in Plant and Machinery or Equipment does not exceed INR 10 crore and turnover does not exceed INR 50 crore as defined under the MSMED Act, 2020 or amended by GoI from time to time.
- viii. **Micro Enterprise:** Investment in Plant and Machinery or Equipment does not exceed INR 1 crore and turnover does not exceed INR 5 crore as defined under the MSMED Act, 2020 or amended by GoI from time to time.
- ix. **Start-Up:** Any entity shall be considered a startup if it meets the latest definition of startups as per the Haryana State Startup Policy 2022 and is registered with the Department of Industries and Commerce, Haryana
- x. **Developer:** Developer means an individual, company, association, firm or a limited liability partnership, designated through a collaboration/development agreement with the owner for making an application for grant of licence and for completion of formalities required on behalf of such owner to develop a colony.
- xi. **Owner:** Owner refers to a person/ entity in whose favour a lease of land has been granted in Haryana for a period of not less than ninety-nine years or the title of ownership is in the name of the person/ entity.
- xii. **Appellate Authority:** Any officer above the rank of Registration Authority as nominated by the State
- xiii. **Certificate of Deposit:** Certificate issued by the RVSF to recognize the transfer of ownership of the vehicle from the registered owner to the Registered Scraper for further treatment.
- xiv. **Certificate of Vehicle Scrapping:** Certificate issued by an RVSF to recognize the final disposal of a vehicle.

- xv. **Critical Age:** 10 years and 15 years in case of diesel and petrol vehicles respectively or as amended by the Transport Department, Government of Haryana from time to time.
- xvi. **End-of-Life Vehicles:** All vehicles which are no longer validly registered, de-registered vehicles or declared unfit through Automated Fitness Centres or their registrations have been cancelled under Chapter IV of the Motor Vehicles Act, 1988 (59 of 1988) or due to an order of a Court of Law or are self-declared by the legitimate registered owner as a waste vehicle due to any circumstances as specified in the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.
- xvii. **Final Disposal** means the treatment of the vehicle so that the vehicle is no longer capable of being used as such, the evidence for which is the cut out of the Chassis and the disposal of its engine;
- xviii. **Recycling** means the reclamation and processing of waste in an environmentally sound manner for the original purpose or other;
- xix. **Registered owner of an End-of-Life Vehicle** means, (i) owner of the vehicle as defined in clause (30) of section 2 of the Act; or (ii) person who has gained ownership of the vehicle in a public auction in accordance with rule 57 of the Central Motor Vehicle Rules, 1989;
- xx. **Registered Scrapper:** A person, firm, society, trust, or company owning and operating a Registered Vehicle Scrapping Facility
- xxi. **Registration Authority:** Commissioner (Transport) or any other Officer designated by the Government of the State for this purpose.
- xxii. **Registered Vehicle Scrapping Facility (RVSF):** any establishment which holds a Registration for Vehicle Scrapping issued under Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 for carrying out dismantling and scrapping operations and or any changes in the definition made by Central Pollution Control Board and Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021;
- xxiii. **Registered Vehicle Scrapping & Recycling Facility (RVS&RF):** any establishment as defined in (xxi) and including environmentally sound facilities for Handling, Processing and Recycling of End-of-life Vehicles (ELV) and or any changes in the definition made by Central Pollution Control Board and Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021
- xxiv. **Scrapping** means the entire process from receipt and record of the End-of-Life Vehicles including depolluting, dismantling, segregation of material, safe disposal of non-reusable parts, and issuance of Certificate of Vehicle Scrapping to the registered owner of a motor vehicle;
- xxv. **Scrapping Yard** means the designated location within the premises of the Registered Vehicle Scrapping Facility where the End-of-life Vehicles are processed for further treatment including recycling;
- xxvi. **Recycling /Treatment** means any activity after the End-of-Life Vehicle has been handed over to a collection centre of a Registered Vehicle Scrapping Facility for depollution, dismantling, shearing, shredding, recovery or preparation for disposal of the shredder wastes, and any other operation carried out for the recovery or disposal of the End-of-Life vehicle and its components; and,
- xxvii. **Vehicle** means a motor vehicle or vehicle as defined in clause (28) of section 2 of the Act.

10. Institutional Framework

- i. The registration procedure would be as defined for Registered Vehicle Scrapping Facility/ Registered Vehicle Scrapping & Recycling Facility under the e-Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021 and or as amended from time to time.
- ii. The Transport Department, Government of Haryana will act as an overall controller of the RVSF and RVS&RF system. If any RVSF/RVS&RF is found violating the policy or the relevant rules, then it will be liable to pay a penalty of up to INR 1 lac for each default under a proper receipt of the Government Treasury. But before the imposition of any penalty, the Transport Commissioner shall pass a speaking order by affording an opportunity after hearing the RVSF/RVS&RF concerned.
- iii. The role of the Industries & Commerce Department, Government of Haryana will remain restricted to grant and release of the incentives under this Policy.

11. Fiscal Incentives**i. For Units**

For reducing the cost of doing business and to encourage investments in Registered Vehicle Scrappage & Recycling Facility, a scheme for grant a standard package of incentives is being provided. The Registered Vehicle Scrappage & Recycling Facility are accorded the status of Industrial Units for the purpose of such incentives. Details of admissible incentives are as under:

(a) Investment Subsidy:**a. Capital Subsidy:**

S. No.	Category of Industry	Category of Block		
		D	C	B
1	Mega Industry	20% of eligible capital expenditure or upto INR 20 Crores, whichever is lower	20% of eligible capital expenditure or upto INR 20 Crores, whichever is lower	20% of eligible capital expenditure or upto 15 Crores, whichever is lower
2.	Large Industry	10% of eligible capital expenditure or upto INR 10 Crores, whichever is lower	10% of eligible capital expenditure or upto INR 10 Crores, whichever is lower	10% of eligible capital expenditure or upto INR 5 Crores, whichever is lower
3.	Medium Industry	20% of eligible capital expenditure or upto INR 50 Lakhs, whichever is lower	20% of eligible capital expenditure or upto INR 50 Lakhs, whichever is lower	20% of eligible capital expenditure or upto INR 40 Lakhs, whichever is lower
4	Small & Micro Industry	25% of eligible capital expenditure or upto INR 40 lakh, whichever is lower	25% of eligible capital expenditure or upto INR 40 Lakhs, whichever is lower	25% eligible capital expenditure or upto INR 35 Lakhs, whichever is lower

Note: Capital subsidy will be given on eligible capital expenditure.

Or

b. Net SGST Reimbursement

Net SGST Reimbursement will be as per HEEP 2020 policy as amended/substituted from time to time.

Existing RVS&RF units will also be eligible for Net SGST reimbursement for a period of 5 years from the date of commencement of policy provided that they have adhered to all the necessary compliance, licence and certification requirements or as amended from time to time as per MoRTH and Transport Department, Haryana.

(b) Land Bank Support

Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) shall endeavour to develop a leasing model for a period of 10 years for RVS&RF units.

(c) Venture Capital Fund

The Government of Haryana is setting up a Venture Capital Fund for providing financial support for promoting start-ups, women entrepreneurs and SC category. Eligible RVS&RF units (start-ups, women and SC) will be given preference while allocating funds under the venture capital fund.

ii. Park Developer

The Park must be developed over a minimum area of 15 to 50 acres as per the norms of the Town and Country Planning Department, Haryana, or as amended from time to time. The park may be developed by any developer i.e., industry association/ SPV/any enterprise registered under Partnership Act/ Companies Act/ Cooperative Societies Act. The Park should ensure basic amenities such as internal roads, power distribution system, communication facilities, storage facilities, etc. for smooth functioning and technological infrastructure like optic fibre connectivity/ broadband connectivity, Wi-Fi access, video conferencing facilities etc. The park may include common social infrastructure such as housing facilities, medical and sports facilities, banks, dormitories, recreational activities etc. and other enabling infrastructure such as CoE etc.

S.No.	Zone as prescribed in Haryana Development & Regulation of Urban Areas Act, 1975	Area in Acres	Minimum Units	Minimum Investment (in INR Cr.)
1.	Hyper/ High Potential Zone	50	10	150.00
2.	Medium Potential Zone	25	5	75.00
3.	Low Potential Zone	15	3	45.00

The following fiscal incentives will be given to the eligible park developer:

(a) Financial Assistance for Infrastructure Development

10% of the total project cost (excluding land) will be given for the development of Eco parks/Recycling parks, subject to a ceiling of INR 20 Crore in "D", "C", and "B" Category Blocks for basic and core infrastructure related facilities. The incentives shall be disbursed as per the following tranches:

Instalment	Criteria	Grant Tranche
First Instalment	50% development of Eco Park with requisite amenities as per approved development plan.	25% of Eligible Incentive
Second Instalment	Development of the remaining 50% of Eco Park with requisite amenities as per the approved development plan and, Proof of operation of at least 25% of the total permissible area earmarked for setting up units as per the approved development plan.	35% of Eligible Incentive
Third Instalment	Proof of operation of at least 75% of the total permissible area earmarked for setting up units as per the approved development plan.	25% of Eligible Incentive
Fourth Instalment	Proof of operation of at least 100% of the total permissible area earmarked for setting up units as per the approved development plan	15% of Eligible Incentive

(b) Stamp Duty Reimbursement

100% reimbursement of Stamp Duty for purchase/ lease of land in "D" Category Block, and 75% in "C" & "B" Category Blocks.

iii. Centre of Excellence for Skill Development

- (a) In order to provide sufficient skilled employees to the registered vehicle scrappage and recycling units in the State, Govt. organizations / PSU/ private companies shall be encouraged to set up Centres of Excellence (CoE). Three such CoEs shall be incentivized with a 50% grant of project cost up to INR 5 crore. The CoE shall utilize 50% of the grant in setting up of the CoE. The remaining 50% of the grant shall be used for running operations of the CoE and the grant shall be released in 5 equal annual instalments.
- (b) In consultation with leading industry players, sector skill councils and academic institutions, focused specialized skill development courses will be offered in state skilling institutions, Government/ ITI/ Polytechnics of Haryana to ensure skill ready workforce for the industry. INR 25 Lakhs will be reimbursed to 10 such institutes per annum for providing skilling and employment to the youth of Haryana for a period of 5 years.

12. General Guidelines

- i. Application for grant of approvals for setting up of RVSF/RVS&RF and incentives would be through a single window system i.e. Invest Haryana Portal.
- ii. Other incentives will be applicable as per Clause 1, 2, 3, 4 of Annexure 4 under the HEEP 2020 policy and/or future Haryana's Flagship Industrial Policy (if and when released)
- iii. The category of blocks will be as per Annexure-3 defined under HEEP-2020 policy and/or future Haryana's Flagship Industrial Policy (if and when released)
- iv. A special package of incentives would also be admissible for Mega and Ultra Mega Projects as per provisions in the HEEP 2020 in B, C and D Category Block and future Haryana's Flagship Industrial Policy (if and when released).
- v. The enterprise availing a special package of incentives would be required to go into commercial production within three years from the date of sanction of incentives by HEEP 2020 and any future Haryana's Flagship Industrial Policy (if and when released).

13. Procedure to apply for the grant of incentives under the Policy

- i. Application for grant of approvals for setting up of RVSF/RVS&RF and incentives would be through the single window system i.e. Invest Haryana Portal.
- ii. All project-related approvals would be granted within 45 days of the filing of the complete application by the RVSF/RVS&RF.

14. Rights of the State Government

- i. The State Government reserves the right to amend any provision(s) including the amendment or withdraw any of the incentives/ subsidies as and when necessary for the promotion of scrapping of unfit and end-of-life vehicles and in the interest of the general people of the State from time to time under the provision of the Policy.
- ii. The State Government reserves the right to review the matter regarding sanction/disbursement of subsidies/ incentives and in this connection, the State Government's decision shall be final and binding.
- iii. State Govt may engage an independent agency to study and recommend the number of RVSF/RVS&RF viable for the state and locations thereof
- iv. The State Government reserves the right to make/ amend the necessary rules for implementation of this policy as and when required.

15. Savings

Any issue, that has not been specifically covered under this policy or requires any clarification, would be referred to the Government in the Industries & Commerce Department for decision/clarification and the decision of the Government thereon would form part of the Policy.

ARUN KUMAR GUPTA,
Additional Chief Secretary to Government Haryana,
Industries & Commerce Department.